

Financial Results Presentation

Q1 FY14: Quarter ended 30 June 2013



14 August 2013
Chua Sock Koong
Group CEO

Forward looking statement – important note

The following presentation contains forward looking statements by the management of Singapore Telecommunications Limited ("SingTel"), relating to financial trends for future periods, compared to the results for previous periods.

Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. Forward looking information is based on management's current views and assumptions including, but not limited to, prevailing economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as a representation as to future performance of SingTel. In particular, such targets should not be regarded as a forecast or projection of future performance of SingTel. It should be noted that the actual performance of SingTel may vary significantly from such targets.

“S\$” means Singapore dollars and "A\$" means Australian dollars unless otherwise indicated. Any discrepancies between individual amounts and totals are due to rounding.



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Q1 FY14: strong earnings growth across key businesses

	% change	Group highlights
Operating revenue > S\$4,293m	-5%	> cautious business environment > slowdown in Australian mobile market and weak A\$ > strong Singapore mobile momentum
EBITDA > S\$1,296m	+4%	> focus on cost boosted profitability
Regional Mobile Associates' pre-tax earnings¹ > S\$552m	+14%	> strong performances across all associates > up 18% in constant currency
Net profit > S\$1,011m	+7%	> higher EBITDA and associates' contribution
Underlying net profit > S\$897m	+6%	> up 8% in constant currency
Free cash flow > S\$893m	+23%	> timing of Telkomsel's dividends and higher dividends from AIS

1. Excluding exceptional items.

Group Q1 FY14 highlights

Group Consumer

Revenue	EBITDA
S\$2,703m	S\$808m
-6%	+5%

- › Acquired 100MHz 4G spectrum in Singapore for S\$136m
- › Launched bold new mobile plans in Australia to remove bill shock



Group Enterprise

Revenue	EBITDA
S\$1,560m	S\$532m
-4%	+3%

- › Implemented G-Cloud for the Singapore Government
- › Major customer wins and recontracts



insured

DAIMLER

Land Transport Authority



PEARSON

Group Digital Life

Revenue	EBITDA
S\$30m	(S\$32m)
+50%	-32%

- › Amobee wins global clients
- › hungrygowhere app amongst best local food apps



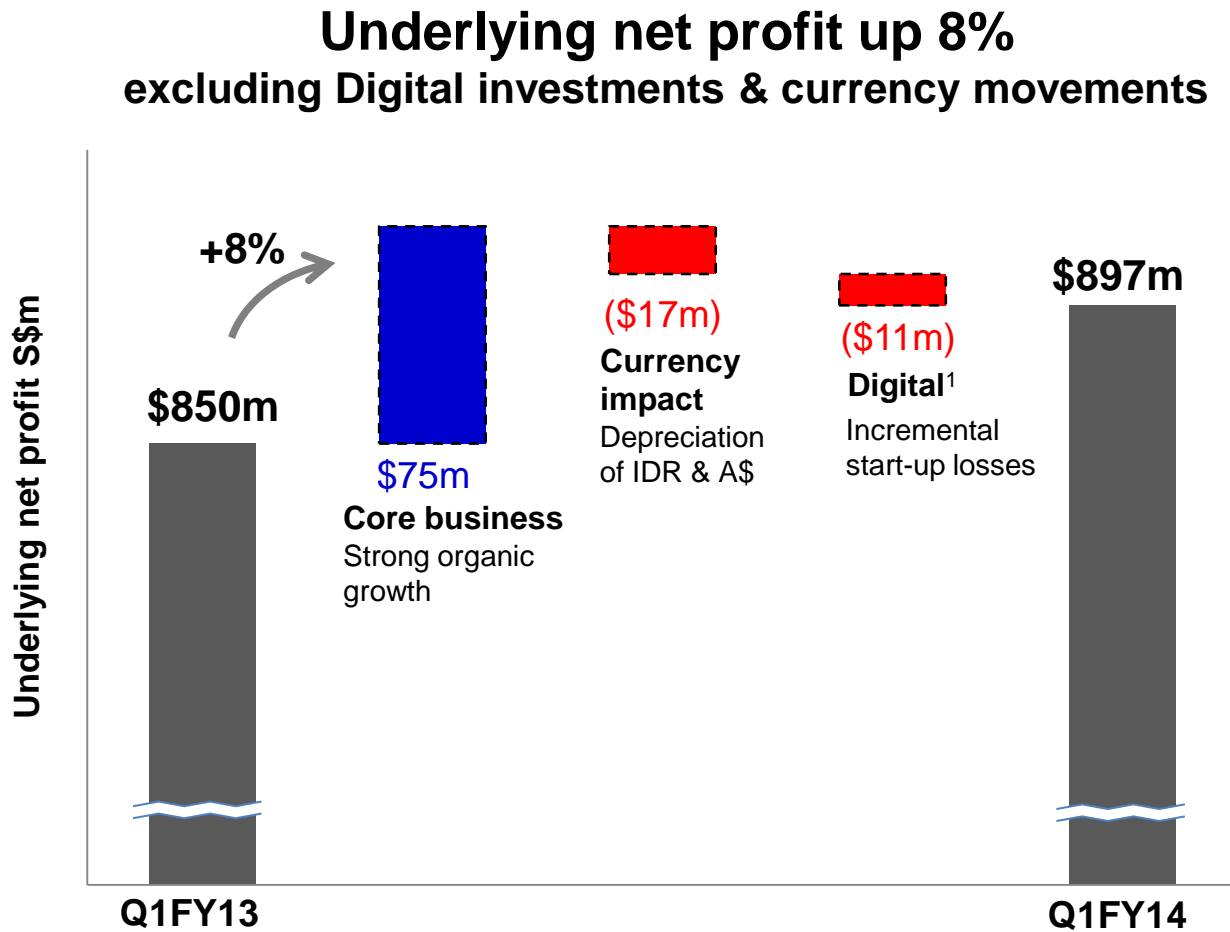
Q1 FY14: growth in EBITDA and associates' contribution

	3 months			YoY % change	QoQ % change
	Jun 13	Jun 12	Mar 13		
Operating revenue	4,293	4,533	4,481	(5.3%)	(4.2%)
EBITDA	1,296	1,243	1,428	4.3%	(9.3%)
- margin	30.2%	27.4%	31.9%		
Associates pre-tax earnings ¹	571	506	540	12.8%	5.7%
EBITDA & share of associates' pre-tax earnings	1,874	1,749	1,969	7.1%	(4.8%)
Depreciation & amortisation	(540)	(518)	(551)	4.1%	(2.0%)
Net finance expense	(49)	(71)	(64)	(31.1%)	(23.6%)
Pre-tax profit	1,285	1,160	1,354	10.8%	(5.1%)
Tax	(386)	(309)	(352)	24.9%	9.5%
Underlying net profit	897	850	1,001	5.5%	(10.3%)
Exceptional Items (post tax)	114	95	(132)	19.6%	nm
Net profit	1,011	945	868	7.0%	16.4%

1. Excludes exceptionals.

Q1 FY14: strong core earnings growth

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1. Digital investments refers to incremental losses from Group Digital Life



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Group Consumer: strong EBITDA growth

Q1 FY14

Singapore

Australia

Revenue

S\$2,703m

-6%

S\$557m

+4%

A\$1,737m

-6%

- > strong performance in Singapore
- > lower revenue from Australia
- > impact of weaker A\$

EBITDA

S\$808m

+5%

S\$174m

+20%

A\$518m

+5%

- > improved cost structure from earlier workforce & distribution revamp in Australia
- > lower handset subsidies and selling costs

EBITDA margins

29.9%

+3.2ppts

31.2%

+4.1ppts

29.8%

+2.9ppts

EBIT

S\$450m

+5%

S\$118m

+31%

A\$274m

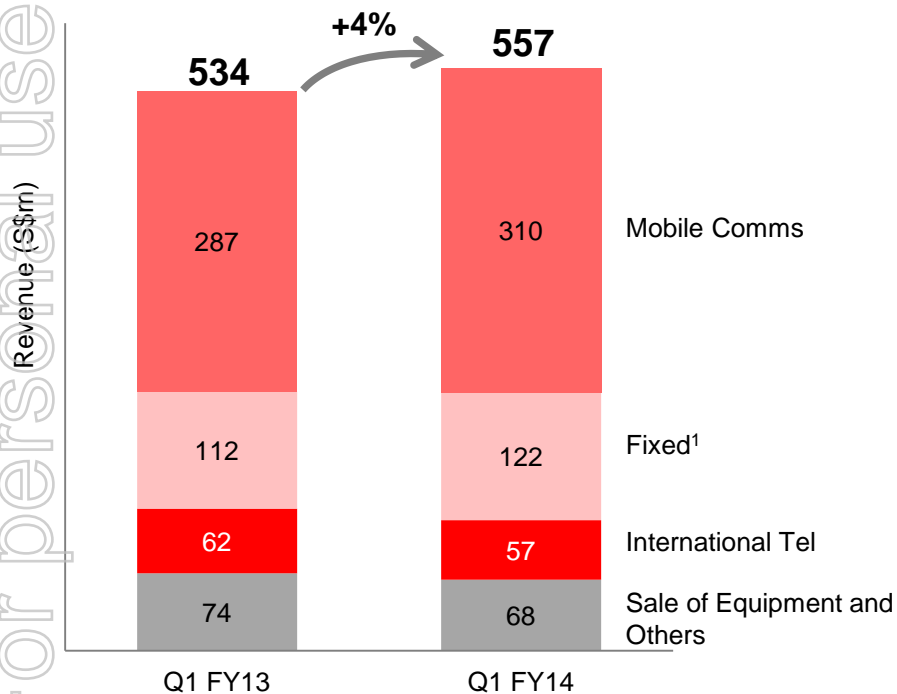
+1%

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Singapore Consumer: growth in mobile and consumer home services

Revenue **S\$557m**

> up 4%

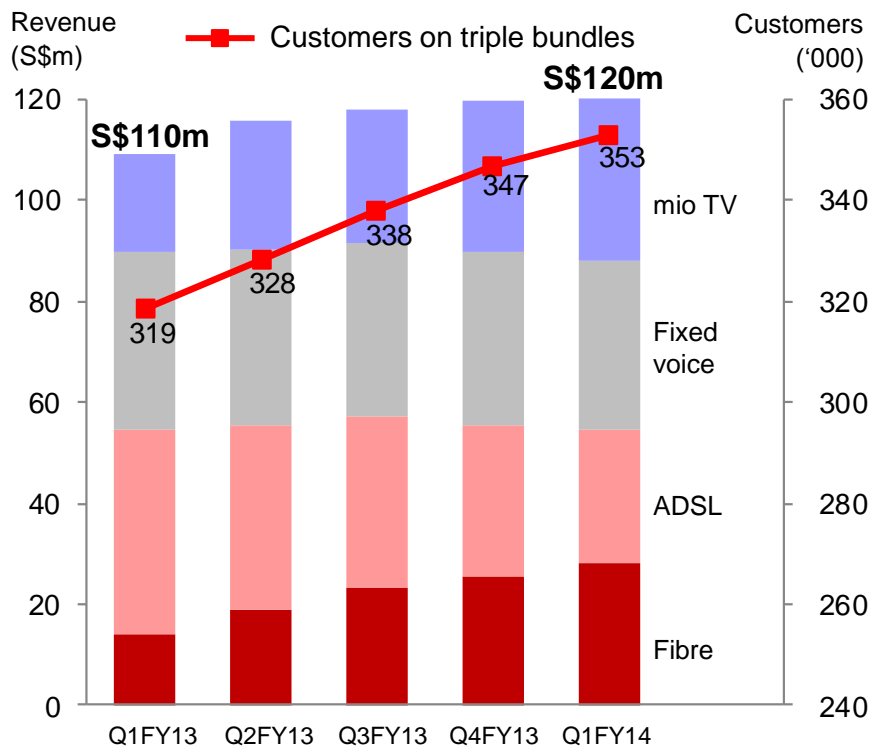


EBITDA **S\$174m**

> up 20% on higher revenue & lower selling costs

Consumer home revenue **S\$120m**

> up 10%



Household ARPU **S\$53**

> up 10%

Households on bundles **353k**

> up 11%

1. Fixed services revenue comprises Internet, National Telephone and mio TV.

Australia Consumer: major transformation for future growth

Revenue

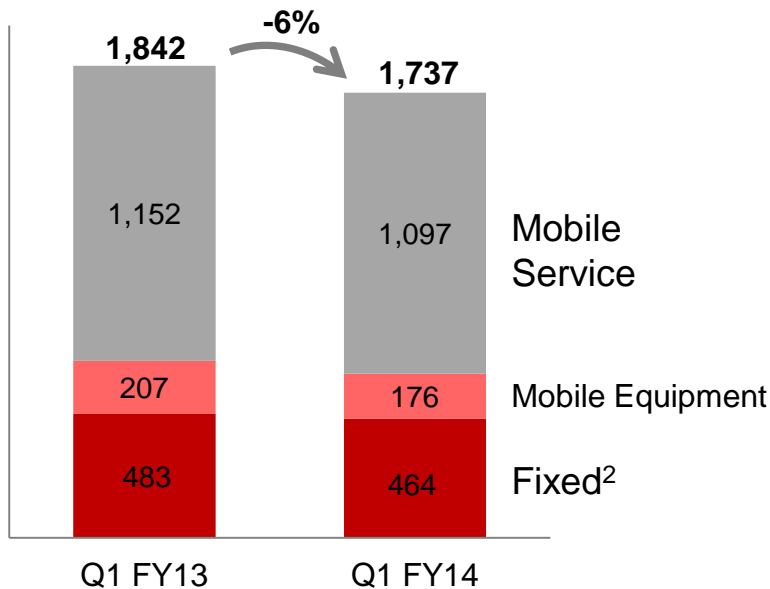
A\$1,737m

> down 6%

EBITDA

A\$518m

> up 5% on lower selling costs



- > 40% reduction in retail distribution footprint
- > new wholesale mobile pricing to support sustainable mobile data business
- > launched market-leading My Plan
- > Relaunch of the Optus brand

Mobile Service Revenue

down 5%

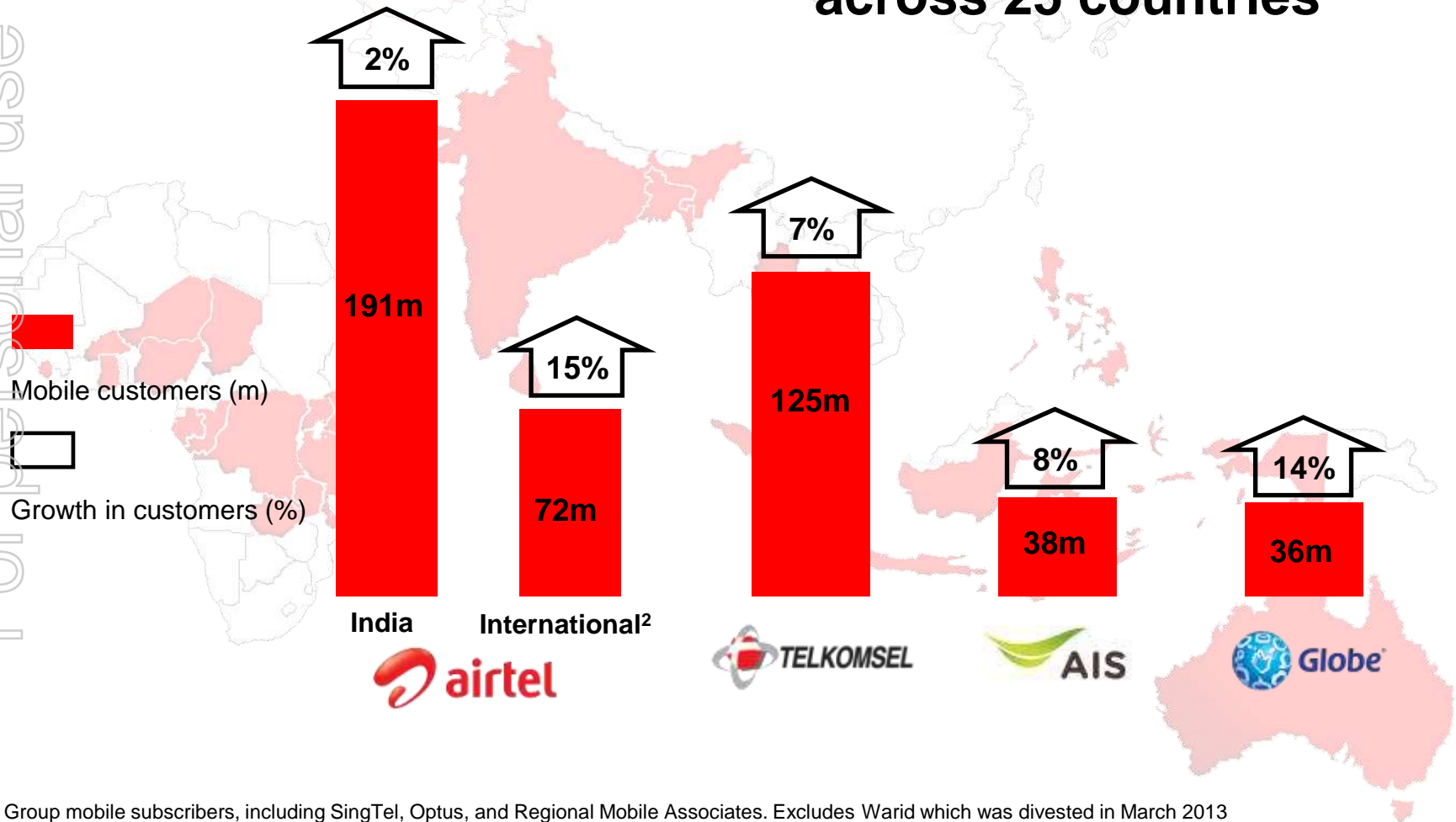
- > DRP¹ credits -2%
- > MTR decline -2%



1. Device Repayment Plans
2. Includes Satellite

Regional mobile associates – customer growth

**477 million mobile customers¹...
across 25 countries**



1. Group mobile subscribers, including SingTel, Optus, and Regional Mobile Associates. Excludes Warid which was divested in March 2013

2. With effect from FY14, Airtel is reporting customers under India and International operations (Africa, Bangladesh and Sri Lanka) respectively

Regional mobile associates

– strong performances across all associates

Q1 FY14	PBT ¹ (S\$m)	% Change (S\$)	% Change (local curr)	Highlights
Regional Mobile	552	+14%	N.A.	› up 18% in constant currency
Telkomsel	255	+6%	+13%	› revenue growth boosted by data growth, and higher SMS interconnect revenue
Airtel	113	+20%	+25%	› India: strong operational performance driven by improved revenue per minute, sustained usage and data growth › Africa: impacted by regulatory restrictions and social unrest in key markets
AIS	113	+6%	+2%	› higher mobile data usage with launch of 3G 2.1GHz services and popularity of social applications › higher marketing and network expenses incurred for 3G launch and customer migration
Globe ²	71	+19%	+17%	› strong customer growth and take-up of mobile data services; continued broadband growth

1. Excluding exceptional items – compared to 3 months to Jun 2012.

2. Globe's accelerated depreciation arising from network modernisation & IT transformation has been classified as a Group exceptional item.



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Group Enterprise: resilient performance amid cautious business environment

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Q1 FY14

% growth

Revenue
S\$1,560m

-4%

- > cautious business environment
- > impact of weaker Australian dollar

EBITDA
S\$532m

+3%

- > gain from sale of cable asset
- > cost management

EBITDA margins
34.1%

+2.4ppts

EBIT
S\$361m

+3%

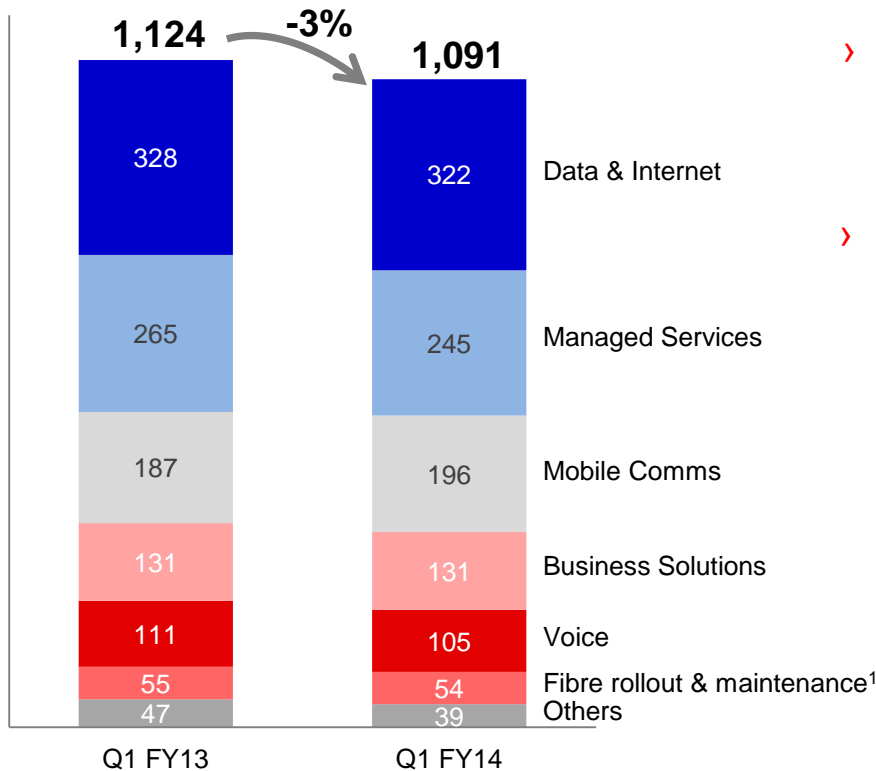
Singapore Enterprise: market leadership in Asia Pacific

Revenue

S\$1,091m

> down 3%

Highlights



- > **Managed Services and Business Solutions order book** **S\$2b**
- > **Enterprise data market leadership² in Asia Pacific**

**More than
325,000 cloud users**

1. Include revenue from OpenNet for maintenance of fibre which commenced from April 2013.
2. Source: IDC APeJ Fixed Line Telecom Service Tracker 2H2012 Update

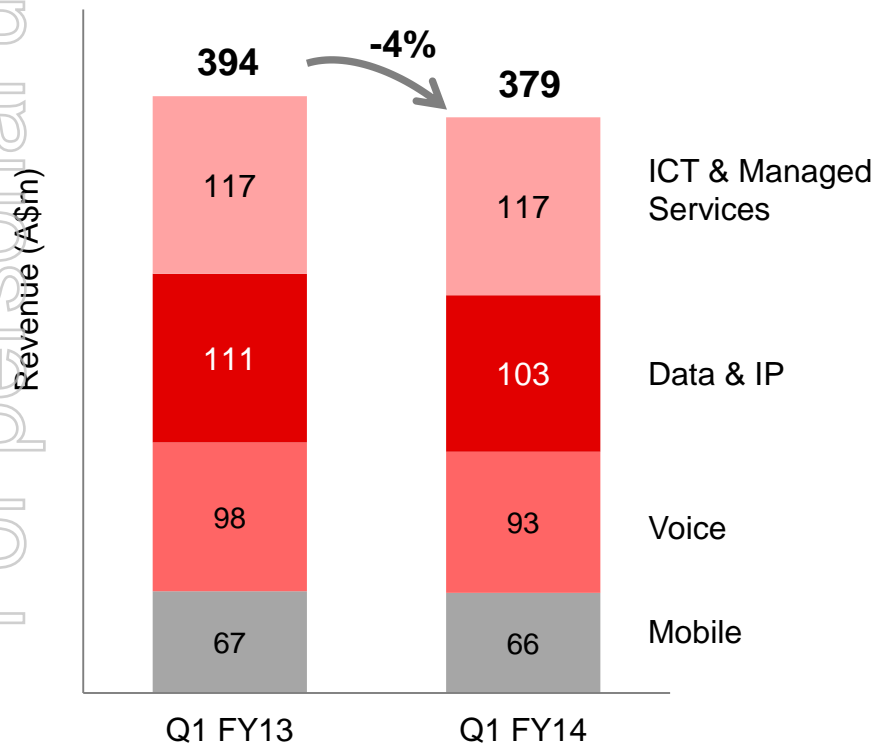
Australia Enterprise: stable ICT; continued migration to IP-based services

Revenue

> down 4%

A\$379m

Highlights



- > **Integrated IT services arm Alphawest, creating a single ICT organisation**
- > **Secured major new customer wins and renewals**



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Group Digital Life: driving revenue growth in digital space

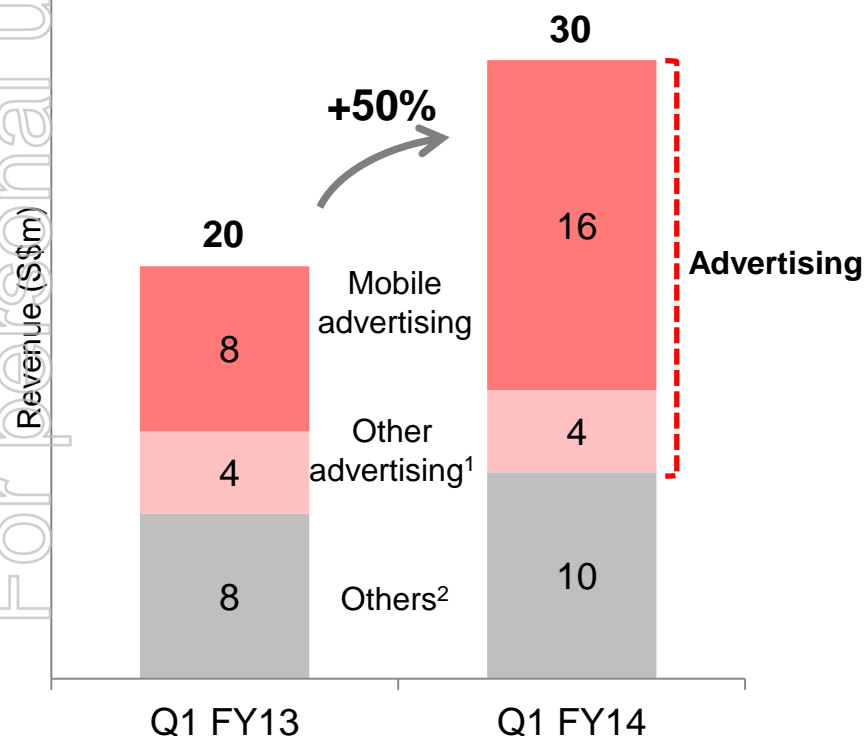
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Q1 FY14	% growth	
Revenue › S\$30m	+50%	› strong growth in digital advertising
OPEX › S\$61m	+39%	› higher staff costs and selling and admin costs
EBITDA › (S\$32m)	-32%	› start-up phase
EBIT › (S\$44m)	-20%	› continued investments in digital businesses

Group Digital Life: strong growth in advertising business

Advertising revenue **S\$20m**

> up 70%



E-Commerce

- > E-shop solution launched in Singapore, India, Indonesia & Malaysia



- > Innov8 invests in popular online design store



Multimedia

- > Watch BPL on the Go!
- > One-stop Football Portal



- > Now Android-enabled
- > Available in Singapore, Australia & Indonesia



1. Comprises advertising revenues mainly from internet and tv.
 2. Comprises revenues mainly from e-commerce, concierge and hyper-local services.



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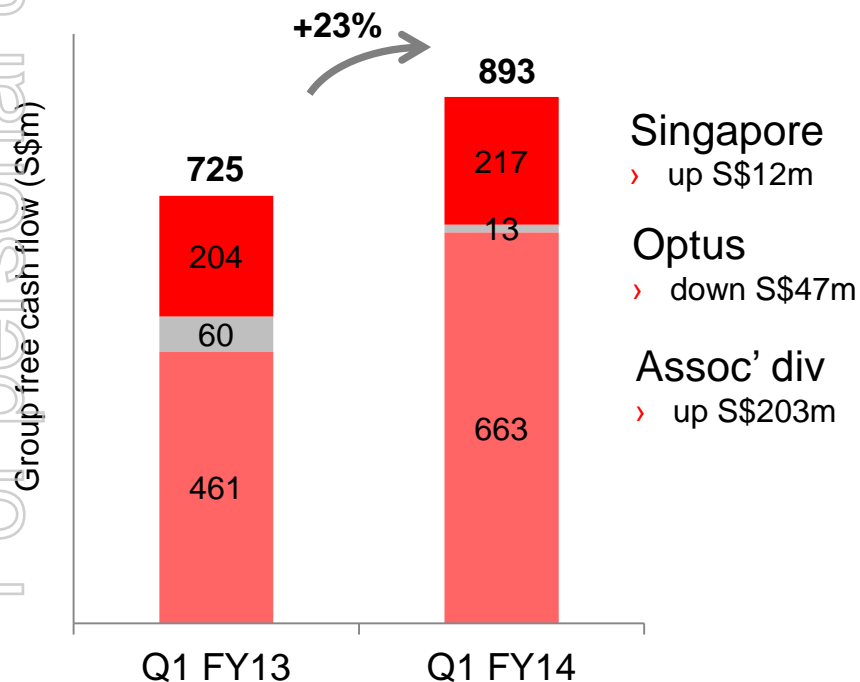
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Sound financial position

Free cash flow

S\$893m

Solid balance sheet



Net debt

S\$6.5b

Net gearing¹

21%

Net debt: EBITDA & share of associates' pre-tax profits

0.9x²

EBITDA & share of associates' pre-tax profits : Net interest expense

27.4x

S&P's rating A+

Moody's rating Aa3

1. Ratio of net debt to net capitalisation, which is the aggregate of net debt, shareholders' funds and minority interests.

2. The ratio would have been 1.1x if the final dividend of 10.0 cents had been paid on 30 June 2013

FY14 Outlook – updated for exchange rate movements

Outlook updated for exchange rate movements¹

Group revenue

Group Consumer

- Singapore Mobile Comms
- Australia mobile service revenue²

Group Enterprise

Group Digital Life

Decline by mid single digit level

: decline by high single digit level

: grow by low single digit level

: decline by mid single digit level

: stable

: grow at least 50% on organic basis

Group EBITDA

Group Consumer

Group Enterprise

Group Digital Life

Decline by low single digit level

: decline by low single digit level

: decline by low single digit level

: startup losses

Group EBIT

(excluding associates contribution)

Decline by mid single digit level

1. Now assuming forward exchange rate of A\$1: S\$1.1622 for the period July 2013 to March 2014 (Previous rate for FY2013/14: A\$1: S\$1.2755)

2. In Australian Dollar.

FY14 Outlook – updated for exchange rate movements

Group Free Cash Flow¹ (excluding dividends from associates)	Approx. S\$2.0 billion
Capital expenditure	Approx. S\$2.5 billion
Ordinary dividends from Regional Mobile Associates²	To grow

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1. Now assuming forward exchange rate of A\$1: S\$1.1622 for the period July 2013 to March 2014 (Previous rate for FY2013/14: A\$1: S\$1.2755).

2. Refer to Section 1 of MD&A for exchange rates for IDR, INR, THB and PHP.



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Singapore Mobile

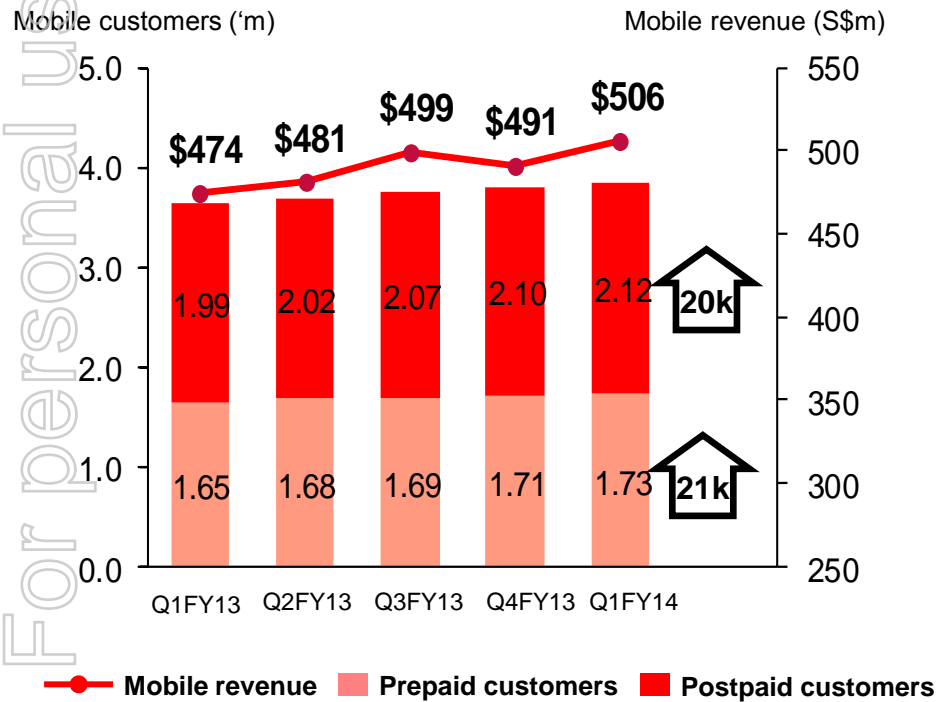
Mobile revenue

S\$506m

> up 7%

4G customers

537k



Tiered data plans

- > Postpaid customers on tiered plans **31%**
- > Tiered plans customers who exceed data bundles **13%**

Postpaid ARPU

S\$79

- > down 2%
- > stable excluding data-only SIMs

Acquisition cost per subscriber

S\$284

- > down 6%

mio TV

mio TV revenue

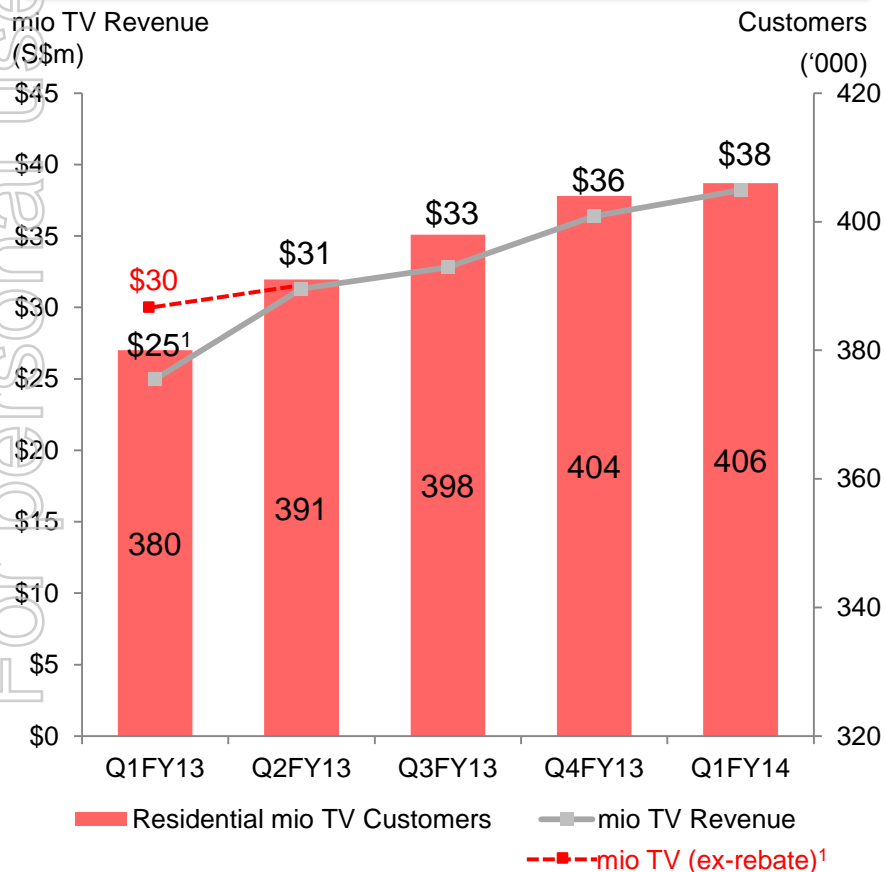
S\$38m

> up 27%¹

mio TV ARPU

S\$26

> up 26%¹



mio TV gold packs

> best way to catch BPL



Fibre customers²

224k

> up 32k

1. mio TV rebate of S\$5m in Q1 FY13 ended 30 June 2012. YoY % revenue and ARPU comparisons excludes impact of the rebate.

2. Refers to residential and corporate subscriptions to broadband internet services using optical fibre networks.

Australia Mobile

4G handsets

1.08m

- > up 299k QoQ

Postpaid

> ARPU **A\$54**

- down 11%

> Net adds **+9k**

> Retail churn **1.5%**

- down from 1.6%

> SAC **A\$225**

- down 33%

Prepaid

> ARPU **A\$22**

- up 4%

> Net adds **-68k**

> SAC **A\$10**

- down 60%

Investing in mobile network

- > over A\$1.7 billion for FY11 – FY13

- > over 800 4G sites across major capital cities and selected regional areas

- > TD-LTE customer trials commenced in Canberra utilising 2300MHz spectrum

- > ongoing U900 spectrum migration program; completed 3G refarm in Adelaide with NSW Central Coast, Wollongong and Canberra to follow

- > refarmed 4,300 sites nationally to 3G

Trends in constant currency terms¹






3 months to Jun 13	1Q FY14 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant FX) ¹
Group revenue	4,293	(5.3%)	(3.4%)
Group underlying NPAT	897	5.5%	7.5%
Optus revenue	2,620	(8.4%)	(5.3%)
Regional Mobile Associates pre-tax earnings ²	552	14.1%	17.5%

1. Assuming constant exchange rates from corresponding periods in FY2013.

2. Based on the Group's share of associates' earnings before exceptionals.

Foreign exchange movements

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Currency	Quarter ended 30 June 2013		
	Exchange rate ¹	Appreciation / (depreciation) against S\$	
		YoY	QoQ
1 AUD ² 	S\$1.2355	(3.2%)	(3.9%)
INR 	44.6	(4.4%)	(1.6%)
IDR 	7,813	(6.3%)	-
PHP 	33.4	1.2%	(1.5%)
THB 	23.9	3.6%	0.8%

1. Average exchange rates for the quarter ended 30 June 2013.

2. Average A\$ rate for translation of Optus' operating revenue.

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